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C O N F I D E N T I A L SECTION 01 OF 04 ASUNCION 001181

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SUBJECT: PARAGUAY'S RURAL UNREST: A RELATIVE CALM
(C-AL5-00699)

REF: A. STATE 114965
B. ASUNCION 01449
C. ASUNCION 01119 AND PRECEDING
D. ASUNCION 01101
E. ASUNCION 01047
F. ASUNCION 00200

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Summary and Introduction

¶1. (SBU) President Duarte's about-face and clear message that he would not tolerate road closures or land invasions served the useful purpose of dampening the rural unrest that captured continuous media attention and occasionally disrupted transportation and agricultural operations last year (ref B). Campesinos continue to invade and occupy private land, which occasionally leads to violence; but the widespread lawlessness has subsided. The government is taking steps to obtain land for campesinos in several interior departments, but has yet to find a comprehensive solution to the long-standing and deep-rooted problems that persist. Until it finds such a solution, the potential for future unrest will remain.

¶2. (SBU) Since the end of widespread unrest last year, campesino groups have shown somewhat waning levels of organization. They enjoy the political support of some opposition parties, but their agenda does not take center stage and their supporters are too few in number to win them many concessions in Congress. The military currently is not deployed to rural areas, and there has not been any recent campesino violence targeting the military or police, or vice versa. The newly appointed Agriculture Minister has been fairly invisible since his appointment, and appears to be on the sidelines with respect to the rural crisis. End Summary and Introduction.

A Relative Calm

¶3. (SBU) President Duarte's about-face and clear message that he would not tolerate road blocks or land invasions ended a spate of fairly continuous protests, road closures and land invasions that plagued Paraguay's interior from March through November of 2004. The administration's lurching initial response revealed that it did not have a coherent plan and created the impression that fomenting unrest would bring campesinos rewards. The President's decision in November to redouble its efforts to enforce the law by evicting squatters and deploying police and military personnel to prevent future invasions turned the tide.

¶4. (SBU) Problems persist, from protests and threats of large-scale campesino uprisings, to land invasions, death threats and fatal clashes between armed campesinos and landowners (examples follow); but, for the moment at least, the widespread lawlessness has subsided.

-- In June, two campesinos were killed and one was seriously wounded in an armed clash with Brazilian immigrant landowners in Tekojoja, Caaguazu Department. A group of 47 campesino families reportedly invaded a plot of land, the ownership of which remains in dispute. According to the campesinos, the landowner arrived at their squatter settlement and attempted to destroy shacks they had built and crops they had planted. When they resisted, the landowner fired at them with a shotgun. According to the police, the landowner and his employees approached the squatter settlement in a truck, the campesinos blocked the road and fired shots at the truck, and the landowner returned fire. The police arrested 90 campesinos in connection with the incident.

-- In June, Odilon Espinola, the leader of one of the major campesino organizations, the National Campesino Federation (FNC), announced that 5,000 campesinos would demonstrate in front of the Congress and 50,000 campesinos would mobilize across the country over the course of two days to protest plans to privatize state entities. According to press reports, approximately 200 campesinos showed up to demonstrate in front of the Congress. The nation-wide

mobilization never materialized.

-- In July, an estimated 400 campesinos made a six-day, 400-mile march to Asuncion to demand that the Congress expropriate 52,000 hectares (128,494 acres) of land owned by Reverend Sun Myung Moon's Korea-based Unification Church in Puerto Casado, in Paraguay's northern Chaco region (ref E). (Note: In August, the Senate passed a bill calling for the expropriation. The bill must get through the Chamber of Deputies and President Duarte before it becomes law. End Note.)

-- In August, a group of 470 campesino families associated with the National Coordinating Board of Campesino Organizations (MCNOC) threatened to burn farm equipment that belonged to five Brazilian immigrant farmers renting private land in Canindeyu Department, and to expel the farmers from the land. The farmers reportedly have invested USD 1 million in the property, a 2,300-hectare (5,683-acre) parcel of land. Police arrested 15 campesinos in connection with the incident and dismantled 100 shacks they had erected. There were no reports of injuries.

-- In August, two nuns in Naranjito, San Pedro Department, and a representative of the campesino organization the National Front for the Struggle for Sovereignty and Life (FNLSV) received death threats in the form of notes accompanied by shotgun cartridges. The notes warned that they would be shot if they did not leave the community or stop supporting the FNLSV. The notes presumably came from local landowners.

15. (SBU) In addition to the President's clear message that his government would enforce the law, many local observers believe that the distractions of the December-January holiday season and the planting and harvesting seasons that followed helped to calm the storm. The discovery of the body of Cecilia Cubas, the victim of a brutal kidnapping/murder at the hands of left-wing extremists (ref C), further deflated the more radical campesino movements. When authorities blamed a militant faction of the left-wing Patria Libre Party (PPL) party for the kidnapping, several campesino groups, including the FNLSV and MCNOC, reacted with quick, politically motivated expressions of solidarity with the PPL (ref F). Subsequent revelations that the PPL had sought advice and assistance from the FARC, however, stifled campesino organizations' cries that the GOP was persecuting the PPL. Since then, there has been less evidence of direct collaboration between campesino groups and the PPL, who, many believe, seek to organize a radical opposition movement in the countryside.

16. (SBU) The PPL continues to fuel unrest in rural areas. The recent murder of a police officer in the Department of Canindeyu by heavily armed assailants with ties to the PPL (ref D) is a prime example. However, the PPL may now enjoy less support among rural populations. A local resident reportedly reported the armed gang's presence in the area; and though campesinos associated with the FNC initially blocked a road to prevent authorities from entering their nearby settlement to investigate the crime, their resistance may have been an effort to conceal marijuana plantations or other criminal activity, as opposed to protecting the assailants. Additionally, local residents seemed eager to provide information on the gang, identifying several of them as PPL members from police sketches and photographs, and cooperating with police in the search to locate and capture them. (Note: The assailants reportedly fled through the woods in the direction of San Pedro Department, and have not been captured. The authorities conducting the search complained about a lack of helicopter air support from the military, and abandoned the search after following the assailants' trail for a week. End Note.)

Government Response

17. (SBU) The Duarte administration is taking steps to obtain land for campesinos in several interior departments. It set a target of acquiring 25,000 hectares (61,776 acres) of land per year for redistribution to campesinos for the duration of the administration (2003-2008), but funding is a major challenge. This year it acquired 50,000 hectares (123,552 acres) of land for redistribution, but was able to do so only because Taiwan donated USD \$5 million to fund the purchases.

18. (SBU) In addition to redistributing land, the government must address a host of social issues if it hopes to find a lasting, comprehensive solution to the rural crisis. Many campesino settlements established on land the government acquired for them over the years still lack basic services such as water, electricity, schools, and roads to transport goods to market. Calls for technical assistance also persist. The same lack of funding that hampers land redistribution impedes the government's efforts to implement serious agrarian reform. In addition, many rural poor have neither the skills nor interest to become productive farmers.

Their "farming experience" may be limited to cutting down and selling trees or burning scrub to produce charcoal. After squeezing this value from the land, they move on and are again "landless."

¶19. (SBU) Part of the government's response to growing unrest last year was a pledge to transform the Rural Welfare Institute (IBR) into an effective rural development agency renamed the Institute for Rural Development and Land (INDERT) (ref B). A new law, Law Number 2419 passed in July 2004, established the new agency's revised official charter. However, Julio Brun, a senior agronomist who has worked at IBR/INDERT for 10 years, recently told PolOff that the agency has not undergone any significant changes since the law was passed.

¶10. (SBU) One frequent campesino demand is that the government establish minimum prices for crops (ref B). Every year for the past 25 years campesinos have requested a minimum price for their raw cotton, which the government then announced as a "referential" price. In practice, however, the market remains free, following supply and demand. For the last five years, the market price has exceeded the referential minimum price, because of strong demand.

Organization and Political Connections

¶11. (SBU) Ref B discussed signs that campesino groups were becoming better organized and more politicized. Since the end of widespread unrest last November, campesino groups have shown somewhat waning levels of organization. The fronts that united last year remain active, but they do not speak with one voice at a national level; nor do they appear to have a single, coherent strategy for the rest of 2005. The FNC's inability to mobilize campesinos across the country in June, as discussed above, is a prime example. Although some demonstrations last year reportedly drew the participation of a few thousand campesinos, most drew between several dozen and a few hundred. Only a small percentage of those who participated in demonstrations engaged in violent actions.

¶12. (SBU) Campesino groups enjoy the general political support of some opposition parties, such as the socialist Country in Solidarity party (PPS) and left-leaning members of the Liberal party (PLRA). In November, then-Interior Minister Nelson Mora told the Ambassador that former general Lino Oviedo, the imprisoned leader of the National Union of Ethical Citizens party (UNACE), was instigating campesino unrest, noting that one of Oviedo's lieutenants allegedly was seen passing out money to demonstrators (ref B). However, the campesino agenda does not take center stage even with the parties that support them, and their supporters are too few in number to win them many concessions in Congress. Senate approval of a bill to expropriate land from the Unification Church in Puerto Casado, discussed above, is a notable exception. (Comment: The proposed Puerto Casado expropriation is part of deal between the ruling Colorado party (ANR) and a multi-party alliance that included issues such as election of the new President of the Senate and appointment of the new Attorney General. Enactment of the expropriation legislation would not necessarily signal a dramatic increase in the political leverage of the campesinos. It merely would represent an ANR concession for the political expediency of achieving its immediate goals in other areas. End Comment.)

Military and Police

¶13. (SBU) The military's deployment to the countryside (ref B) was short-lived. The military currently is not permanently deployed to rural areas to support police in evicting campesinos from private land. There has not been any recent campesino violence targeting the military or police, or vice versa. (But see paragraph 6, above, regarding the murder a policeman in rural Canindeyu in August. The military supported the search for the assailants and their gang.)

Agriculture Minister

¶14. (SBU) Newly appointed Agriculture Minister Gustavo Ruiz Diaz has been fairly invisible since his appointment, and appears to be on the sidelines with respect to the rural crisis. A special crisis cabinet had the lead role in working with campesinos and landowners to identify comprehensive, broadly acceptable solutions (ref B); the Vice President's office is responsible for establishing and coordinating policy and land purchases; and INDERT is charged with implementing agrarian reform.

¶15. (C) Comment: Ruiz Diaz's reputation among land owners is that he is weak and at least half-corrupt. Close Embassy contacts told EconOff that the ministry is being run from the President's office. One Embassy contact said her brother was on the "short list" to become Agriculture Minister but declined the offer because it was apparent to him that he

would have no authority to make decisions or run the ministry
as he saw fit.)
KEANE